

**STATEMENT OF**

**Q. TODD DICKINSON**

**VICE PRESIDENT AND CHIEF INTELLECTUAL PROPERTY COUNSEL  
GENERAL ELECTRIC COMPANY**

**BEFORE THE**

**SUBCOMMITTEE ON COURTS, THE INTERNET, AND  
INTELLECTUAL PROPERTY**

**COMMITTEE ON THE JUDICIARY**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**OVERSIGHT HEARING  
ON  
“PATENT HARMONIZATION”**

**April 27, 2006  
Washington, DC**

## **Introduction**

Chairman Smith, Ranking Member Berman, and Members of the Subcommittee:

My name is Todd Dickinson and I am honored to appear before the Subcommittee on an issue that critical to our Nation's economic growth and prosperity: patent reform. I presently serve as the Corporate Vice President for Intellectual Property of the General Electric Company, and was formerly Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office. I hope that these experiences may offer a valuable perspective on some of the issues facing us in this area, in particular the impact of patent reform legislation on issues of international harmonization.

As Director, I enjoyed working on the cause of adapting our patent system to the needs of the 21<sup>st</sup> Century. I was particularly proud that the Congress passed and President Clinton signed the American Inventor's Protection Act of 1999, during the time I lead the USPTO, and that we had the opportunity to work together on the implementation of that Act, leading to many vital and important changes in how the USPTO operated and was organized.

At General Electric, I am fortunate to help manage the intellectual property assets of one of the world's largest corporations. GE's IP holdings and concerns are extraordinarily broad, ranging from content-based copyright issues in our film and television organization, NBC Universal, to genomics and proteomics patenting in GE Healthcare, with everything else in between

from aircraft engines to engineered polymers. We may be the only company that has won both a Nobel Prize and an Academy Award<sup>®</sup>.

Because of that breadth of IP issues and concerns, we are uniquely positioned to participate in this debate about patent reform. With such an extraordinary investment in technology, the need to protect that investment and the shareholder value it represents, makes the U.S patent system and its global analogues, more important than ever to us at GE. While our system is one of the greatest and most productive in the world, as with all systems, evolving needs require a regular review and reform in order to ensure the promise of the system is fully realized.

In my previous role as USPTO Director and now at GE, I have followed with keen interest the two studies of the U.S. patent system undertaken by the Federal Trade Commission/Department of Justice and the National Research Council of the National Academy of Sciences and the resulting reports. I was a witness several times before both bodies and was a reviewer of the NAS report. In general, both reports were thorough, well-thought out, and made recommendations the majority of which were highly appropriate to advancing the cause of patent reform in positive ways. I am heartened that the reports have served as a motivation for the cause of patent reform, and congratulate this Committee for its hearings on this topic.

Towards that end, and in the interest of attempting to find a consensus position on a number of the important patent reform issues currently under consideration, GE has also actively participated in a coalition of some 30 of the most recognized and well-respected companies in the world,

representing a wide array of our most important technologies, including Eli Lilly, whose General Counsel, Robert Armitage is testifying here today as well. This Coalition, which also includes the American Intellectual Property Law Association and the Intellectual Property Owners Association, has worked hard to find common ground and our proposals represent some of industries best thinking on how to deal with the specifics of the patent reform agenda.

We do not undertake this effort lightly, however. As one of the leading academic economists recently noted with some concern in his extensive review of these issues:

“Social progress in our technological age is intimately bound up with the creation and protection of intellectual property.”...  
“[But j]ust when intellectual property (IP) has made its greatest contributions to this nation’s technological growth, many critics on all sides of the political spectrum have assailed the soundness of the underlying legal structures.”<sup>1</sup>

As stewards of this system, and the benefits it brings the world, we must resolve to make sure that whatever reforms or changes come forth are ones which serve the public’s interest, and encourage the economic development which that public deserves.

### **Patent Harmonization**

One of the most critical issues facing the patent system today, globally, is the need for harmonization of patent laws and procedures. With their

---

<sup>1</sup> “Intellectual Property for the Technological Age”, R.A. Epstein, University of Chicago, April 2006, Executive Summary and p. 7.

territorially-based administration, maintenance, and enforcement regimes, the current systems foster extraordinary redundancies in cost, time, and resources. These inefficiencies inhibit the ability of inventors, large and small, to obtain and maintain the protection they deserve, and encourage the innovation so vital to global economic development. GE innovation has resulted in an active global portfolio that comprises over 38,000 patents and this number includes over 5,700 global patent applications in 2005. We also filed over 2700 U.S. patent applications in 2005. The cost to obtain and maintain this portfolio is not trivial. In 2005, GE spent in excess of \$32,000,000 on the patent prosecution and maintenance of the foreign portfolio, a significant portion of which is a function of the multiplicity of world systems.

Efforts at greater harmonization have been debated for years, with only modest success. As a negotiator of intellectual property issues on behalf of the U.S. government, and now as a delegate to the World Intellectual Property Organization, I have witnessed the frustrations in this area first hand. While we have succeeded in negotiating new treaties in many other areas of intellectual property over the last decade to deal with rapidly evolving changes in the technology and content worlds, substantive patent harmonization has proven difficult and challenging for a variety of reasons. I would like to first address the current state of play on international harmonization and some of the concerns we have on that current status.

## **Standing Committee on the Law of Patents**

Substantive patent law harmonization has been a topic of discussion in the World Intellectual Property Organization (WIPO) since at least the mid-1980s in response to increasing calls for harmonization of national and regional patent laws.

Following the last major, but unsuccessful, effort to advance substantive harmonization in 1991 at the WIPO, and the completion of the Patent Law Treaty of 2000, dealing with procedural matters, renewed discussions on a draft Substantive Patent Law Treaty (SPLT) began again in earnest in May 2001 in the Standing Committee on Patent Law. Only limited progress has been made in WIPO, the discussions, especially those over the past few years, having been marked by attempts on the part of a coalition of developing countries to inject a number of highly sensitive political issues into the discussions and to introduce other proposals that seek to undermine the goals of patent law harmonization or generally weaken patent rights. These have primarily involved issues regarding patent application disclosures of the source of origin of genetic resources/traditional knowledge and exceptions to patentability or patentable subject matter.

As a way of moving forward, the U.S. delegation has actively supported a compromise proposal to limit the scope of work of the Standing Committee on the Law of Patents (SCP) to discussions regarding a limited number of issues, the so-called “mini-basket”, which includes the issues of the definition of prior art, priority of invention to be awarded to the first

inventor to file the patent application, a grace period for filing after the public disclosure of the invention, and issues relating to novelty and inventive step.

Unfortunately, efforts to reach a specific work plan for the SCP thus far have been unsuccessful. In fact, the most recent attempt to define the work plan, the informal meeting of the SCP held from April 10-12, 2006, failed to reach agreement on such a plan for harmonization talks.

### **Group B+ Consultations**

While in the past efforts focused around the original work plan of the SCP in WIPO, it is becoming increasingly apparent that success in the near term at WIPO is not likely. For this reason, new avenues and strategies for attaining progress on substantive patent law harmonization have been explored.

In February of 2005, the USPTO was instrumental in setting up the “Alexandria” group or “Group B+” comprised of members of like-minded countries interested in harmonization. The inaugural meeting was attended by 20 nations, the European Union, and the European Patent Office and resulted in the unanimous decision to establish a technical working group for the express purpose of discussing certain areas of patent law harmonization.

Since its inception, the Group B+ , or “Alexandria Group”, has been meeting biannually and been working toward harmonization on this a limited number of issues. While significant progress has been made, certain sensitive issues remain, however, such as first-to-file, grace period, and secret prior art

treatment and effect. Also, some of the European delegations have expressed reservations over proceeding with harmonization discussions outside of WIPO, if WIPO will not be the forum where an agreement is ultimately reached. The USPTO and the Bush Administration should be congratulated for taking the initiative on this effort to establish the Alexandria Group and to move its agenda forward, and we look forward to additional engagement and progress in the future.

### **Best Practices and Patent Harmonization**

High among the principals underlying the work of the SCOP and of the Alexandria Group's efforts has been a desire for so-called "deep harmonization" resulting from an understanding of what are the best practices among the world's patent systems. This identification of best practices also underlay in many ways the study and reports of both the Federal Trade Commission/Department of Justice and the National Academies studies and reports. In particular, it is important to note that the comprehensive National Academies of Science report, among its recommendations for patent reform, addresses broadly the importance of reducing the redundancies and inconsistencies among national patent systems. They specifically recommend reconciling application priority, i.e. first-inventor-to-file, elimination of the best mode requirement and universal publication of all patent applications.<sup>2</sup>

---

<sup>2</sup> "A Patent System for the 21<sup>st</sup> Century, National Research Council of the National Academies, June 2004, pp. 11-12.

I have been asked to comment specifically on certain issues in H.R. 2795 and various other draft bills which have discussed, which relate in particular to harmonization such as those identified above, and am pleased to do so.

### **Resource Allocation and the USPTO: Permanently End Diversion**

Before delving into the patent reform issues, however, I want to briefly address another issue that probably most significantly affects the successful functioning of our patent system. As both the NAS and FTC reports highlighted, the USPTO must have sufficient resources to perform its critical role in administering the patent system. For years, the USPTO was denied these resources as patent and trademark fees, paid to the USPTO in return for specific services, were diverted to unrelated government agencies and activities. As a former Director, I have seen and had to manage first-hand the problems this denial of funds causes in the USPTO. While Congress and the current Administration are to be commended for fully funding the USPTO during the current fiscal year, fee diversion from prior years has left the USPTO with a tremendous work backlog, obsolete systems, and an inability to restructure. As contemplated in H.R. 2791, recently introduced here in the House, the USPTO would be given authority to raise its fees, but also gives statutory assurance that those fees will not be diverted to unrelated programs.

Too often we regard this issue as “Mom and Apple Pie” in the mix of patent reform issues. It would be tragic to have it be overlooked in the debate over more procedural reforms, and remains probably the single most important reform to our system this Congress could and should make. This

Subcommittee, and you Mr. Chairman, should be commended for the support they are giving, and have consistently given, over the years to a permanent solution to the diversion problem.

In the event that additional resources are provided, we would submit that attention should be focused on using those funds to provide additional examination time for examiners, continuing to increase the searching resources and databases available to examiners, and training and other means to continue to develop the technical and legal expertise of our examining corps.

### **First-Inventor-to-File**

One of the major obstacles to global harmonization has traditionally been resolution of the basic question of who is entitled to priority of invention. Alone now among the world's countries, the U.S. has maintained a system awarding priority of inventorship to the so-called "first inventor". This seemingly innocent characterization has become fraught with difficulties of definition, proof and cost. The rest of the world awards priority to the first inventor to file their patent application. While this debate has been ongoing for decades, the time appears to be at hand for the U.S. to join the rest of the world in implementing this simpler, fairer and less burdensome means for awarding priority.

As the groundbreaking study by my colleague and friend, former PTO Commissioner Gerry Mossinghoff, has shown, the very individuals who in recent tradition have been most concerned about this change, the individual

or small inventors, have actually been disadvantaged by our current system.<sup>3</sup> The primary means for determining inventorship when there is a contest is a process in the USPTO known as interference. Costly<sup>4</sup>, rule-bound, and time-consuming, the interference process is a failed promise for individual inventors, as well as small and medium size enterprises, universities and non-profit organizations, who also have sometimes opposed such a change.

Moreover, since this was last seriously debated at the international level, during the first Bush Administration, many other structural and systemic changes have helped level the playing field relative to concerns previously expressed. The adoption of provisional applications, the availability of technical and legal resources on the internet, and electronic searching and filing capabilities on-line have made the application process more accessible and timely to all Americans.

This past year, both the NAS report and the American Bar Association's House of Delegates urged the U.S. to change to a "first-inventor-to-file" (FITF) system as a best practice.<sup>5</sup> While it has sometimes been suggested that the U.S. should not unilaterally move to this FITF system, and should only consider it as part of an overall package of international harmonization

---

<sup>3</sup> Interestingly, it should also be noted that, in testimony before this Subcommittee's predecessor, a representative of small inventors once stated, "[W]e endorse a first-to-file rule." Statement of Burke E. Wilford, National Director, the American Society of Inventors, Exhibit D, Hearings before the Subcommittee on Patents, Copyrights and Trademarks of the Committee on the Judiciary, United States Senate, 90th Congress, May 17-18, 1967, p.291.

<sup>4</sup> It is often estimated that the cost of an interference from declaration to resolution is routinely in the hundreds of thousands of dollars.

<sup>5</sup> The applicant must still be the true inventor. Inventions derived or stolen by others would not permit that deriver or thief to be considered the true inventor. For this reason, the term of art used to describe the new system is "first-inventor-to-file".

treaty obligations, the advantages of this system in terms of simplicity, cost, and a serious reduction in uncertainty about priority, argue strongly in favor of making such a change now. It may also be that such a good faith move on the part of the U.S. will reinvigorate the stalled negotiations at the WIPO, an important and valuable goal in itself, and will help facilitate possible agreement in the Alexandria Group's work.

Therefore, I would like to strongly support Section 3 of H.R. 2795 which would change the U.S. patent system from a first-to-invent system to a first-inventor-to-file system. Often known as just first-to-file, the bill calls the new system "first- INVENTOR-to-file" to make clear that an individual cannot obtain a valid patent if he is not an inventor, i.e., if the individual derived the invention from someone else and then file, or as some small Inventors are concerned surreptitiously learn of their invention and beat them to the USPTO. Under the new system, among two or more competing inventors the patent would go to the inventor with the earliest "effective" patent filing date.

With the switch to first-inventor-to-file by the U.S., no country in the world would have a first-to-invent system. I join with my colleagues in support of proposed changes that would amend Title 35 to award priority to the first inventor to file a patent application, and urge this subcommittee to include language to that effect in any patent reform statute under consideration.

## **Definition of Prior Art and Grace Period as “Best Practices”**

We also support the propose redefinition of prior art to that which consists of information that is available to the public anywhere in the world. Public availability requires reasonable accessibility and includes all types of communications as well as public display and uses. This may directly impact patent examination and, by extension, overall quality, and will also hopefully be available in a post-grant review procedure, also currently under consideration and a major recommendation of the NAS and FTC/DOJ reports. It also consistent with the currently-considered harmonization proposals and, thereby advances that goal, as well. This is additionally true in its removal of the “in this country” limitation on the use of such prior art. In today’s globalized trade environment, with significantly easier access to data from around the world, the anachronistic limitation to domestic art has little place in our patent regime.

Along with this, a “grace period” would apply to all publications of the inventor including earlier published patent applications. This grace period would arise by operation of law without any requirement for the filing of a declaration. The Coalition text supports a more extensive grace period than the one contained in the Chairman’s July 26<sup>th</sup> substitute text, and was the work product of on on-going dialogue with the university community for whom this issue is particularly resonant.

We also support the elimination of so-called “secret prior art” which might also be available to avoid art which would other invalidate inventions. This elimination is also a major discussion issue in the “mini basket” of

harmonization issues currently under discussion. Permitting secret prior art, creates uncertainty and frustrates the goal of searching for prior art for the purpose of improving patent quality.

### **Repeal of the “Best Mode” Requirement**

The best mode requirement of 35 U.S.C. § 112 requires patent applicants to disclose what they consider to be the best way of carrying out their claimed invention. HR 2795 proposes eliminating this requirement. This change would accomplish two purposes. First, it would bring the US patent system into conformance with many other jurisdictions throughout the world, which lack such a requirement. Second, this change would eliminate a point of subjectivity in order to make patent validity more predictable. Repeal of the “best mode” requirement would remove another barrier to global harmonization.

Furthermore, while this has often been portrayed as a positive, in that it seems to encourage greater public disclosure, in practice, it has more often resulted in a trap for the unwary or a “gotcha” in patent litigation, further undermining confidence in the system.

### **18 Month Publication**

Universal publication of patent applications after 18 months is the norm in the rest of the world. However, in the U.S. patentees who do not wish to file for a foreign patent can opt for non-publication of their patent application, so long as they give up their right to file on that invention outside of the U.S.

Section 9 of HR 2795 would eliminate this anomaly of the U.S. patent law. This change would also lead to greater disclosure and sharing of information and, of course, remove another barrier to harmonization.

It also prevents entities from making important and expensive investments of research dollars, unaware that that research may at some point infringe an issued patent. This is not a wise use of limited research dollars. This also, by extension, encourages additional research, which is all to the public good. In any event, it is my understanding that USPTO statistics show that there is only a minor “opting out” that is occurring, but it may be in important technologies<sup>6</sup>, where the applicant may be using the opt-out provisions initially to avoid exposing their technology publicly for a period, while opting in later. Such gamesmanship should not be encouraged, especially when the public policy grounds for publication are so strong in the first place. 18 months is enough time for inventors to determine whether or not to proceed with the publication and prosecution or to abandon the application and keep it a trade secret. We support universal publication.

## **Conclusion**

In conclusion, while a member of the Coalition, and supportive of that text, GE supports much that is in HR 2795, in particular in the areas of harmonization which I have identified, and applaud the continuing efforts of this subcommittee to improve the patent system, globally, by updating U.S.

---

<sup>6</sup> And, interestingly, apparently not often by independent inventors, who lobbied strongly and successfully for inclusion of the opt-out language in the American Inventors Protection Act.

law and practice to permit a more globally harmonized system. Intellectual property protection on an international level is a critical element of GE's research and development cycle and to our continued introduction of innovative products and services to global markets.

I would be pleased to respond to questions from the Subcommittee.